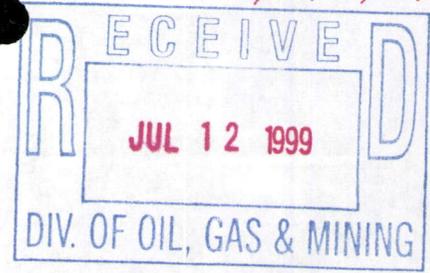


M/015/041



July 9, 1999

D. Wayne Hedberg
State Of Utah
Department of Natural Resources
Division of Oil, Gas and Mining

Re: Reply to requested information. Diamond K Gypsum, Inc., DKG Quarry, M/015/041 (UTU-69860), Emery County, Utah. Request dated April 19, 1999

R647-4-105 –Maps, Drawings & Photographs

105.2 Surface facilities map

The approximate acreage estimate of 8.01 is acceptable as the current site disturbance. The small isolated area labeled "Area B" shown on the surface facilities map to the west of the Area B Quarry is undisturbed and abandon in all mining plans. This area is undisturbed and natural in vegetation and soil.

105.3 Drawings or Cross Sections (slopes, roads, pads, etc.)

Drawing enclosed labeled **CUV-01**

R647-4-106 –Operation Plan

106.2 Type of operations conducted, mining method, processing etc.

Acreage estimations in Area C of 0.54 acres topsoil and 0.20 acres overburden are correct.

106.3 Estimated acreage disturbed, reclaimed, annually.

Proposed schedule for mining and reclamation revised June 25, 1999. (enclosed).

106.7 Existing vegetation – species and amount

DKG will apply and use 1995 vegetation survey.

R647-4-109 –Impact Assessment

109.2 Impacts to threatened & endangered wildlife \ habitat

Discussed clearance for threatened and endangered plants with the BLM in 4/99. The area was cleared by the BLM. They are content with the use of the 1991 survey. I personally inspect the area every year and agree to notify the BLM if any cactus are present or threatened & endangered wildlife \ habitat.

109.4 Slope stability, erosion control, air quality, and safety

DKG will include in its erosion treatment plan the practice of roughening the surface rather than the use of furrows.

R647-4-110 – Reclamation Plan

110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed

DKG will include removal of road, all culverts and replacement of drainage in the reclamation plan.

110.3 Description of facilities to be left (post mining use)

The access road will remain in place during active mining operations and will be included in reclamation plan after mining operations cease.

110.5 Revegetation planting program

The July 1996 Revegetation plan will be followed for the new expansion.

R647-4-112 – Variance

DKG plan on the removal of all roads, culverts and repair of natural drainage. A variance is not needed at this time.

R647-4-113 – Surety

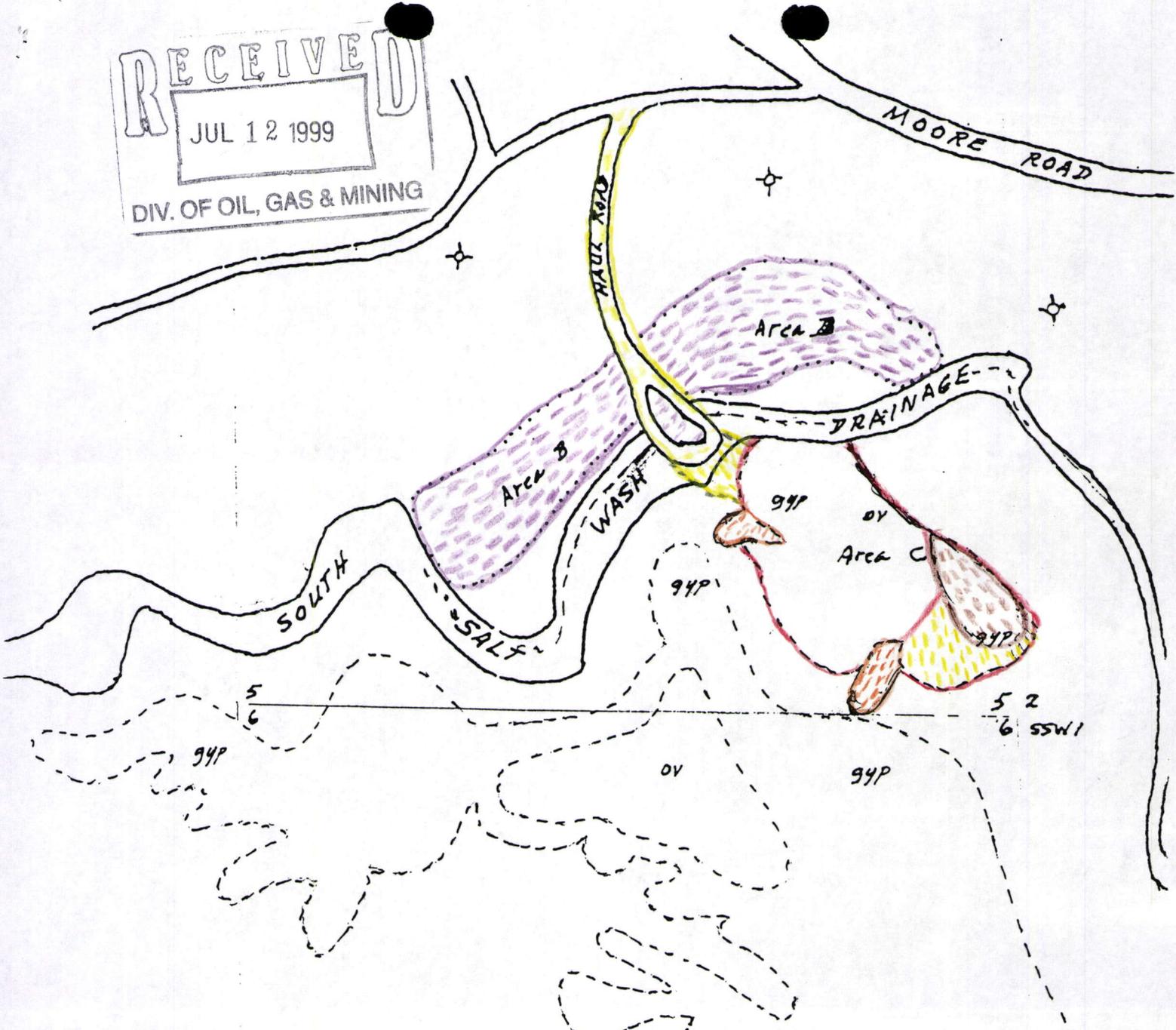
See attached Surety estimate

Sincerely,

Phillip Palmer
President
Diamond K Gypsum, Inc.

Cc: John E. Welsh, SR.

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DIAMOND K GYPSUM QUARRY AREA 1999-2003

NW of SW Sec. 29, T.22S., R.9E.

- | | | | |
|-------------|-----------------------|-------------------------------------|---|
| UTMC# | AREA B | Mined and Reclaimed 1998 |  |
| BJ-2 212727 | AREA C | Active quarry limit as of June 1999 |  |
| BJ-5 212729 | Stockpile soil | |  |
| BJ-6 226190 | Stockpiled overburden | |  |
| GEOLOGY | ov | siltstone overburden | |
| | gyp | gypsum aerial distribution |  |

Cleared, but not mined
 Ready for reclamation



MINE SCHEDULE OF ACREAGE DISTURBED & RECLAIMED
M/015/041 (UTU-69860)
DKG Quarry
Diamond K Gypsum, Inc.
Emery County

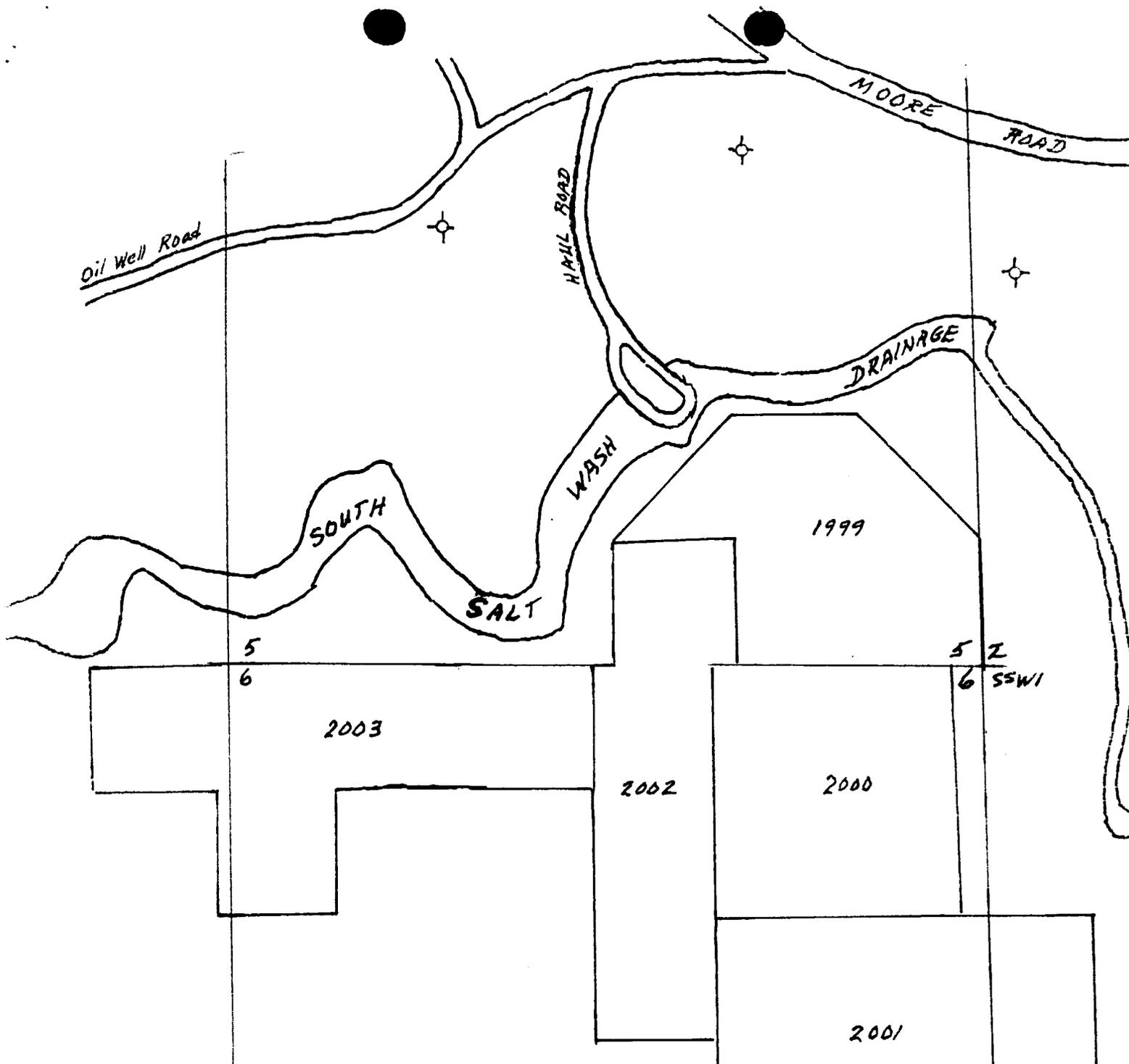
last revision June 25, 1999

- Total project disturbance as of 4/14/99 is estimated as 8.01 acres
- Assumed that after 1999 4 or 5 additional acres of mine area would be disturbed each year
- Assumed that after 1999 4 or 5 acres of disturbance would be reclaimed each year
- Assumed that mining new areas stops in year 2003 & reclamation of remaining disturbance occurs in 2004
- Column "beginning disturbance" = disturbance existing at beginning of the year
- Column "total disturbed" = beginning disturbance + total new
- Column "adjusted total" = total disturbed = released this year

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YEAR	Adjusted Total	Total Disturbed	Beginning Disturbance	Total New	New Road Area	New Mine Area	Reclaimed this year	Released in 3 yrs	Released in 2 yrs	Released in 1 yr	Released this year
NOW	8.01	8.01	8.01								
1999 #1	11.4	11.4	8.01	3.3	0	3.3	3.18	3.18	-	-	-
2000 #2	15.4	15.4	11.4	4.0	0	4.0	4.0	3.18	3.18	-	-
2001 #3	20.4	20.4	15.4	5.0	0	5.0	4.0	4.0	0	3.18	-
2002 #4	22.62	25.9	20.4	4.0	0	4.0	4.0	4.0	4.0	0	3.18
2003 #5	22.62	26.62	22.62	4.0	0	4.0	4.0	10.0	4.0	4.0	4.0
END OF MINING IN YEAR 2003											
2004	12.62	22.62	22.62	0	0	0	10.0	10.0	4.0	4.0	4.0
2005	0	12.62	12.62	0	0	0	12.62	10.0	10.0	4.0	4.0
2006	0	0	0	0	0	0	0	12.62	10.0	10.0	4.0
2007									12.62	10.0	10.0
2008									12.62	12.62	10.0
2009										12.62	12.62

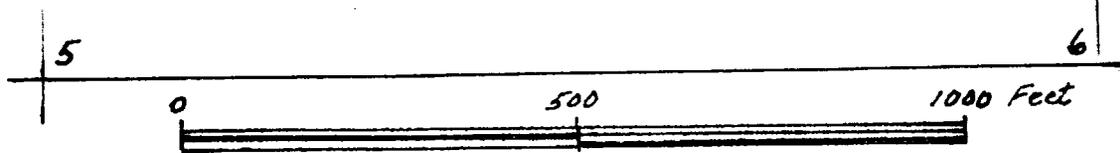
FINAL RECLAMATION RELEASE IN YEAR 2009



DIAMOND K GYPSUM MINE SEQUENCE

YEAR APPROX MINEABLE GYPSUM

1999	3.3 acres
2000	4 acres
2001	5 acres
2002	4 acres
2003	4 acres
	20.3 acres



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CUV-01 $\frac{1}{2}$ Cross Sectional Map

South Salt Wash
Culverts (2) 4' diameter N



Reclamation Surety Estimate Information

Activity	Quantity	Units	\$/unit	\$
1 Ripping access road - dozer				
2 Regrading access road - dozer				
3 Surface drainage restoration and culvert removal - trackhoe				
4				
5 Overburden replacement -dozer				
6 Topsoil replacement - dozer				
7 Cripto biotic crust replacement - dozer				
8 Broadcast seeding (~20lb/acre)	20	acres	150	\$ 3,000.00
9				
10 General site cleanup & trash removal (10% site)				
11				
12 Reclamation Supervision	4	days	363	\$ 1,452.00
13				
14 Please fill in amounts for listed activities				

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1 RECLAMATION SURETY ESTIMATE

DRAFT

2 Diamond K Gypsum, Inc.

last revision

04/15/99

3 DKG Quarry

filename o:\data\bonding\m15-41.wb3

4 M/015/041 (UTU-69860)

Emery County

5 Prepared by Utah State Division of Oil, Gas & Mining

6 -This estimate uses a D8 size dozer for most earthwork

7 -This is a draft estimate for the DKG quarry based on the total disturbance of 30 acres

8 -All quantities (acreages, volumes, etc.) in this estimate were assumed

9 -Current site disturbance as of 4/15/99 is estimated as 8.01 acres with 3.18 acres of this being reclaimed & unreleased

10 -This estimate assumes the following conditions at the time of final reclamation: stockpile area = 2 acres,
 11 pit floor = 2 acres, pit road = 1 acre, quarry regrading = 2 acres, access road = 5 acres, 2 culverts to remove,
 12 overburden regrading 4 ft deep from 5 acres, topsoil regrading 1 ft deep from 10 acres, drill seeding = 30 acres

13 Note: actual unit costs may vary according to site conditions last unit cost update 04/15/99

14 -Amount of disturbed area which will receive reclamation treatment 30.0 acres

15 -Estimated total disturbed area for this mine = 30.0 acres

Activity	Quantity	Units	\$/unit	\$	Note
Ripping stockpile & compacted areas	2.0	acre	226	452	(9)
Ripping pit floors	2.0	acre	226	452	(9)
Ripping pit access roads	1.0	acre	226	226	(9)
Creating safety berms or barriers around highwalls	0	LF	0.15	0	(10)
Regrading quarry areas	2.0	acre	484	968	(7)
Ripping access roads - dozer	3.0	acre	226	678	(9)
Regrading access roads - dozer	2.0	acre	484	968	(7)
Sidecast mtl replacement on steep roads- trackhoe	0	LF	0.85	0	(11)
Surface drainage restoration - trackhoe	500	LF	0.15	75	(10)
Culvert removal - trackhoe	2.0	each	1000	2,000	(8)
Overburden replacement - dozer	32,267	CY	0.48	15,488	(12)
Topsoil replacement - dozer	16,133	CY	0.48	7,744	(12)
Crypto biotic crust replacement - dozer	2,000	CY	0.48	960	(12)
Fertilizing (100 lb/acre diammonium phosphate)	0.0	acre	90	0	(00)
Broadcast seeding (~20 lb/acre)	0.0	acre	170	0	(00)
Drill seeding (~13 lb/acre)	30.0	acre	150	4,500	(00)
General site cleanup & trash removal (25% site)	7.5	acre	50	375	(00)
Equipment mobilization	2	equip	1000	2,000	(00)
Reclamation Supervision	8	days	363	2,904	(15)
Subtotal				39,790	
10% Contingency				3,979	
Subtotal				\$43,769	
Escalate for 5 years at 3.27% per yr				7,640	
Total				\$51,409	
Rounded surety amount in yr 2004-\$				\$51,400	
Average cost per disturbed acre =				\$1,713	

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